

MAINE STATE LEGISLATURE

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L.D. 1088

(Filing No. H-460)

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
FIRST REGULAR SESSION**

HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 776,
L.D. 1088, Bill, "An Act to Provide Comprehensive Property Tax
Relief"

Amend the amendment by inserting after the title and before
the statement of fact the following:

Emergency preamble. Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

Whereas, the filing period under the Family Homesaver
Program may occur before the expiration of the 90-day period; and

Whereas, it is necessary for the Commission to Study
Problems with the Municipal Assessment, Valuation and Collection
of Property Taxes to begin its work on or before August 1, 1989;
and

Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

Further amend the bill by striking out everything after the
enacting clause and before the statement of fact and inserting in
its place the following:

PART A

Sec. 1. 36 MRSA c. 907, first 2 lines, are repealed and the
following enacted in their place:

CHAPTER 907

FAMILY HOMESAVER PROGRAM ACT OF 1989

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Sec. 2. 36 MRSA §6201, sub-§1, as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

1. Benefit base. "Benefit base" means property taxes accrued or rent constituting property taxes accrued, less the equivalent tax value of any benefit received or to be received through the program established in chapter 105, subchapter IV-A.

Sec. 3. 36 MRSA §6201, sub-§5, as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

5. Homestead. "Homestead" means the dwelling, owned for at least the 5 preceding calendar years or rented by the claimant, and occupied by the claimant and his the claimant's dependents as a home, and may consist of a part of a multidwelling or multipurpose building and a part of the land, up to 10 acres, upon which it is built. "Owned" includes a vendee in possession under a land contract and of one or more joint tenants or tenants in common.

Sec. 4. 36 MRSA §6201, sub-§8-A is enacted to read:

8-A. Household property. "Household property" means the goods and furnishings of a claimant's homestead including vehicles.

Sec. 5. 36 MRSA §6201, sub-§9, as enacted by PL 1987, c. 516, §§3 and 6, is repealed and the following enacted in its place:

9. Income. "Income" means federal adjusted gross income exclusive of any net operating loss carryover adjustments determined in accordance with the Code and other income not included in federal adjusted gross income including, but not limited to, alimony, support payments, unemployment compensation, loss of time insurance, nontaxable strike benefits, workers' compensation, pensions including Social Security and railroad retirement, cash public assistance or relief benefits, interest from obligations of states and their political subdivisions, plus any amount of loss included in federal adjusted gross income which exceeds an overall limit of \$25,000 in aggregate losses used to offset income.

Income does not include any benefits received under this chapter or gifts from nongovernmental sources or surplus foods or other relief in kind supplied by a governmental agency.

Sec. 6. 36 MRSA §6201, sub-§11-B is enacted to read:

11-B. Total assets of a claimant. "Total assets of a claimant" means the market value of all property owned by the

1 household members exclusive of the homestead and household
3 property less any indebtedness of the household members.

5 Sec. 7. 36 MRSA §6201-A is enacted to read:

7 §6201-A. Short title

9 This chapter shall be known and may be cited as "The Family
11 Homesaver Program Act of 1989."

13 Sec. 8. 36 MRSA §6207, sub-§1, as amended by PL 1987, c. 876,
15 §5, is repealed and the following enacted in its place:

17 1. Benefit calculation. For claimants representing a
19 nonelderly household, the benefit is calculated as follows:

21 A. Thirty-three and one-third percent of that portion of
23 the benefit base which exceeds 4.5% but does not exceed 8%
25 of household income, plus 50% of that portion of the benefit
27 base which exceeds 8% but does not exceed 10% of household
29 income, plus 100% of the amount by which the benefit base
31 exceeds 10% of income.

33 Sec. 9. 36 MRSA §6207, sub-§2, as repealed and replaced by PL
35 1987, c. 839, §3, is repealed.

37 Sec. 10. 36 MRSA §6207, sub-§§2-A and 2-B are enacted to read:

39 2-A. Income eligibility. Claimants must have household
41 incomes of less than \$40,000, in the year for which relief is
43 requested and in each of the 2 preceding years, to be eligible
45 for a benefit under this section. In addition, total assets of a
47 claimant, exclusive of the claimant's homestead, must be less
49 than \$50,000 in the year for which relief is requested to be
51 eligible for a benefit under this section.

2-B. Proof of eligibility. To be eligible for benefits
under this section, claimants must furnish proof of eligibility
in a form to be determined by the Bureau of Taxation.

Sec. 11. 36 MRSA §6212, as enacted by PL 1987, c. 516, §§3
and 6, is amended to read:

§6212. Denial of claim

If it is determined that a claim is excessive and was filed
with fraudulent intent, the claim shall be disallowed in full
and, if the claim has been paid the amount paid may be recovered
by assessment, and the assessment shall bear interest from the
date of payment or credit of the claim, until refunded or paid,
at the rate of 1% per month. The claimant in such case, and any

1 person who assisted in the preparation or filing of such
 3 excessive claim or supplied information upon which such excessive
 claim was prepared, with fraudulent intent, commits a Class E
 5 crime. If it is determined that a claim is excessive and was
 negligently prepared, 10% of the corrected claim shall be
 7 disallowed, and if the claim has been paid the proper portion of
 any amount paid shall be similarly recovered by assessment, and
 9 the assessment shall bear interest at 1% per month from the date
 of payment until refunded. Any claimant or spouse with an unpaid
 11 liability arising from this section is disqualified from benefits
under this chapter.

13 **Sec. 12. Appropriation.** The following funds are appropriated
 from the General Fund to carry out the purposes of this Part.

	1989-90	1990-91
FINANCE, DEPARTMENT OF		
Bureau of Taxation -		
Low-income Tax Relief		
23	Positions - Legislative Count (19)	(19)
	Personal Services \$252,589	\$318,007
25	All Other 3,666,651	114,937
	Capital Expenditures 80,760	
27	Provides funds for	
29	administrative expenses and	
	benefits needed to implement	
31	the Family Homesaver	
	Program. Additional	
33	appropriations for benefits	
	are not needed in fiscal year	
35	1990-91 due to the combining	
	of this program with a	
37	homestead exemption program	
	effective that year.	
39		
41	DEPARTMENT OF FINANCE	
	TOTAL	
	\$4,000,000	\$432,944
43		
45	TOTAL APPROPRIATIONS -	
	PART A	
	\$4,000,000	\$432,944

47 **PART B**

49 **Sec. 1. 36 MRSA c. 105, sub-c. IV-A is enacted to read:**

51 SUBCHAPTER IV-A

HOMESTEAD PROPERTY TAX EXEMPTIONS

§671. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Permanent residence. "Permanent residence" means that place where a person has a true, fixed and permanent home and principal establishment to which, whenever absent, the person has the intention of returning. A person may have only one permanent residence at a time, and once a permanent residence is established in a foreign state or country, it is presumed to continue until the person shows that a change has occurred.

2. Permanent resident. "Permanent resident" means a person who has established a permanent residence as defined in subsection 1.

3. Real estate used and owned as a homestead. "Real estate used and owned as a homestead" means real property less any portion of that real property used for commercial purposes.

§672. Permanent residency; factual determination by municipal assessor

Intention to establish a permanent residence in this State is a factual determination to be made, in the first instance, by the municipal assessor. Although any one factor is not conclusive of the establishment or nonestablishment of permanent residence, the following are relevant factors that may be considered by the municipal assessor in making a determination as to the intent of a person claiming a homestead exemption to establish a permanent residence in this State:

1. Formal declarations. Formal declarations of the applicant;

2. Informal statements. Informal statements of the applicant;

3. Place of employment. The place of employment of the applicant;

4. Previous permanent residency. The previous permanent residency by the applicant in a state other than Maine or in another country and the date nonMaine residency was terminated;

5. Voter registration. The place where the applicant is registered to vote;

1 6. Driver's license. The place of issuance of a driver's
2 license to the applicant;

3
4 7. License tag. The place of issuance of a license tag on
5 any motor vehicle owned by the applicant;

6
7 8. Federal income tax returns. The address as listed on
8 federal income tax returns filed by the applicant; or

9
10 9. Maine intangible tax returns. The previous filing of
11 Maine intangible tax returns by the applicant.

12 §673. Exemption of homesteads

13
14 1. Definitions. As used in this section, unless the
15 context otherwise indicates, the following terms have the
16 following meanings.

17
18 A. "Cooperative apartment corporation" means a corporation,
19 whether for profit or nonprofit, organized for the purpose
20 of owning, maintaining and operating an apartment building
21 or apartment buildings to be occupied by its stockholders or
22 members.

23
24 B. "Tenant-stockholder or member" means an individual who
25 is entitled, solely by reason of that individual's ownership
26 of stock or membership in a cooperative apartment
27 corporation, to occupy for dwelling purposes an apartment in
28 a building owned by that corporation. A corporation leasing
29 land for a term of 98 years or more for the purpose of
30 maintaining and operating a cooperative apartment on that
31 land shall be considered the owner for purposes of this
32 exemption.

33
34 2. Amount of exemption. Every person who has the legal
35 title or beneficial title in equity to real property in this
36 State and who resides on that real property, and in good faith
37 makes the same that person's permanent residence or the permanent
38 residence of another or others legally or naturally dependent
39 upon that person, is entitled to an exemption from all taxation,
40 except for assessments for special benefits of 5% of just
41 valuation up to the just valuation of \$90,000 on the residence
42 and up to 10 acres of contiguous real property. The title may be
43 held jointly or in common with others, and the exemption may be
44 apportioned among the owners that reside on the property, to the
45 extent of their respective interests; but no exemption of more
46 than 5% of the first \$90,000 of just value may be allowed to any
47 one person or on any one dwelling house, except that an exemption
48 up to 5% of the first \$90,000 of just value may be allowed on
49 each apartment occupied by a tenant-stockholder or member of a
50 cooperative apartment corporation and on each condominium parcel
51 occupied by its owner; nor shall the amount of the exemption

1 allowed any person exceed the proportionate just valuation based
2 on the interest owned by that person.

3
4 3. Applicability. The exemption provided in this section
5 applies only to those parcels classified and assessed as
6 owner-occupied residential property or only to the portion of
7 property classified and assessed as owner-occupied residential
8 property.

9
10 4. Exemptions in addition to other exemptions. The
11 exemptions provided in subchapter IV, sections 653 and 654, shall
12 be in addition to the homestead exemption.

13 §674. Forms

14
15 The Bureau of Taxation shall furnish to the municipal
16 assessor of each municipality a sufficient number of printed
17 forms to be filed by taxpayers claiming to be entitled to the
18 exemption and shall prescribe the content of those forms by rule.

19
20 §675. Application

21
22 1. Filing claims. At the time each taxpayer files claim
23 for a homestead exemption, the municipal assessor shall deliver
24 to the taxpayer a receipt over the municipal assessor's
25 signature, or that of an authorized designee, which shall
26 appropriately identify the property covered in the application,
27 shall bear the date the application is received by the municipal
28 assessor and shall include any serial number or other identifying
29 data desired by the municipal assessor. The possession of the
30 receipt constitutes conclusive proof of the timely filing of the
31 application.

32
33 2. False filing. Any person who knowingly gives false
34 information for the purpose of claiming homestead exemption as
35 provided for in this chapter is guilty of a Class E crime.

36
37 3. Reapplication. Any municipality may, at the request of
38 the municipal assessor and by majority vote of its governing
39 body, waive the requirement that an annual application be made
40 for exemption for property within the municipality after an
41 initial application is made and exemption granted, except that
42 reapplication shall be required when any property granted an
43 exemption is sold or otherwise disposed of, when the ownership
44 changes in any manner or when the applicant for homestead
45 exemption ceases to use the property as a homestead. In its
46 deliberations on whether to waive the annual application
47 requirement, the governing body shall consider the possibility of
48 fraudulent homestead exemption claims which may occur due to the
49 waiver of the annual application requirement. It is the duty of
50 the owner of any property granted an exemption who is not
51 required to file an annual application to notify the municipal

1 assessor promptly whenever the use of the property changes so as
2 to change the exempt status of the property. Any property owner
3 who fails to notify the municipal assessor shall be subject to
4 the provisions of section 678. This subsection shall apply only
5 to exemptions requested pursuant to this section.

7 **§676. Duty of municipal assessor**

9 The municipal assessor shall examine each claim for
10 exemption filed with the municipal assessor and if the claim is
11 found to be in accordance with law, shall mark the claim approved
12 and make the proper deductions on the tax books.

13 **§677. Homestead exemptions; approval; refusal; hearings**

15 The municipal assessors of the several municipalities of the
16 State shall, as soon as practicable after April 1st of each
17 current year and on or before July 1st of that year, carefully
18 consider all applications for tax exemptions that have been filed
19 in their respective offices on or before March 1st of that year.
20 If, upon investigation, the municipal assessor finds that the
21 applicant is entitled to the tax exemption applied for under the
22 law, the municipal assessor shall make entries upon the tax rolls
23 of the municipality necessary to allow the exemption to the
24 applicant. If, after due consideration, the municipal assessor
25 finds that the applicant is not entitled under the law to the
26 exemption, the municipal assessor shall immediately make out a
27 notice of disapproval that includes the reasons for disapproval.
28 A copy of the notice shall be served upon the applicant by the
29 municipal assessor either by personal delivery or by registered
30 mail to the post office address given by the applicant, and the
31 municipal assessor shall file the notice with the clerk of the
32 State Board of Property Tax Review. The notice of disapproval of
33 application for the exemption, when filed with the board,
34 constitutes an appeal of the applicant to the board from the
35 decision of the municipal assessor refusing to allow the
36 exemption, and the board shall review the application and
37 evidence presented to the municipal assessor upon which the
38 applicant based the claim for exemption and shall hear the
39 applicant in person or by agent on behalf of the applicant's
40 right to an exemption. The board shall reverse the decision of
41 the municipal assessor and grant the exemption to the applicant
42 if in its judgment the applicant is entitled to the exemption or
43 affirm the decision of the municipal assessor. The action of the
44 board is final unless the applicant, within 15 days from the date
45 of refusal of the application by the board, files in the District
46 Court of the county in which the homestead is situated a
47 proceeding against the municipal assessor for a declaratory
48 judgment or other appropriate proceeding. The failure of the
49 taxpayer to appear before the municipal assessor or State Board
50 of Property Tax Review or to file any paper other than the
51 application as in section 675 shall not constitute any bar or
52 defense to further proceedings.

1
3 §678. Lien imposed on property of person claiming exemption
although not permanent resident

5 1. Tax lien. When the estate of any person is being
7 probated or administered in another state under an allegation
9 that that person was a resident of that state and the estate of
11 that person contains real property situated in this State upon
13 which a homestead exemption has been allowed pursuant to section
15 675 for any year or years within 10 years immediately prior to
17 the death of the person, then within 3 years after the death of
19 that person the assessor of the municipality where the real
21 property is located shall, upon knowledge of that fact, record a
23 notice of tax lien against the property among the public records
of that municipality and the property shall be subject to the
payment of all taxes previously found exempt, plus 15% interest
per year, unless the District Court having jurisdiction over the
ancillary administration in this State determines that the
decedent was a permanent resident of this State during the year
or years an exemption was allowed, in which case the lien shall
not be filed or, if filed, shall be canceled of record by the
municipal assessor of the municipality where the real estate is
located.

25 2. Property subject to tax. In addition to subsection 1,
27 upon determination by the municipal assessor that for any year or
29 years within the prior 10 years a person who was not entitled to
31 a homestead exemption was granted a homestead exemption from ad
valorem taxes, that person's property that is situated in this
State shall be subject to the taxes previously exempted, plus 15%
interest per year.

33 3. Collection. The collection of taxes provided in this
35 section shall be in the same manner as existing ad valorem taxes
37 and the procedure for recapturing taxes under this section shall
be supplemental to any existing provision under the laws of this
State.

39 4. Notice. The lien provided in this section does not
41 attach to the property until the notice of tax lien is filed
43 among the public records of the municipality where the property
45 is located. Prior to the filing of the notice of lien, any
purchaser for value of the subject property shall take free and
clear of the lien.

47 Sec. 2. Review. The State Tax Assessor shall review the
49 administrative, legal and technical requirements of this Part to
51 ensure compliance with existing administrative procedures. This
review may include discussions with other states that currently
operate homestead exemption programs and shall be completed prior
to January 1, 1990. The State Tax Assessor shall submit the
results of this review, together with any necessary implementing

1 or correcting legislation, to the Joint Standing Committee on
2 Taxation in the Second Regular Session of the 114th Legislature.

3
4 **Sec. 3. Appropriation.** The following funds are appropriated
5 from the General Fund to carry out the purposes of this Part.

6
7 **1989-90** **1990-91**

8 **FINANCE, DEPARTMENT OF**

9
10 **Bureau of Taxation -**
11 **Homestead Exemption**

12
13 Positions - Legislative Count (2) (2)
14 Personal Services \$32,580 \$68,418
15 All Other 12,500 36,525,000
16 Capital Expenditures 10,000
17 Provides funds for
18 administrative expenses and
19 benefits for the homestead
20 exemption program.

21
22 **DEPARTMENT OF FINANCE**
23 **TOTAL**

24 \$55,080 \$36,593,418

25
26 **TOTAL APPROPRIATIONS -**
27 **PART B**

28 \$55,080 \$36,593,418

29
30 **PART C**

31 **Sec. 1. 36 MRSA c. 908** is enacted to read:

32 CHAPTER 908

33 DEFERRED COLLECTION OF HOMESTEAD PROPERTY TAXES

34 §6250. Definitions

35
36 As used in this chapter, unless the context otherwise
37 indicates, the following terms have the following meanings.

38
39 1. Benefited property. "Benefited property" means a lot or
40 parcel of land which is benefited by sewer, water or natural gas
41 and on which an assessment has been determined against the owner.

42
43 2. Bureau. "Bureau" means the Bureau of Taxation.

44
45 3. Homestead. "Homestead" means the owner-occupied
46 principal dwelling, either real or personal property, owned by
47 the taxpayer and up to 10 contiguous acres upon which it is

1 located. If the homestead is located in a multi-unit building,
2 the homestead is the portion of the building actually used as the
3 principal dwelling and its percentage of the value of the common
4 elements and of the value of the tax lot upon which it is built.
5 The percentage is the value of the unit consisting of the
6 homestead compared to the total value of the building exclusive
7 of the common elements, if any.

9 4. Tax-deferred property. "Tax-deferred property" means
10 the property upon which taxes are deferred under this chapter.

11 5. Taxes. "Taxes" or "property taxes" means ad valorem
12 taxes, assessments, fees and charges entered on the assessment
13 and tax roll.

14 6. Taxpayer. "Taxpayer" means an individual who has filed
15 a claim for deferral under this chapter or individuals who have
16 jointly filed a claim for deferral under this chapter.

17 §6251. Deferral of tax on homestead; joint election; age
18 requirement; filing claim

19 1. Filing claim. Subject to section 6252, an individual,
20 or 2 or more individuals jointly, may elect to defer the property
21 taxes on their homestead by filing a claim for deferral with the
22 municipal assessor after January 1st and on or before April 1st
23 of the first year in which deferral is claimed if:

24 A. The individual, or in the case of 2 or more individuals
25 filing a claim jointly, each individual is 65 years of age
26 or older on April 1st of the year in which the claim is
27 filed; and

28 B. The individual has, or in the case of 2 or more
29 individuals filing a claim jointly, all of the individuals
30 together have, household income, as defined in section 6201,
31 subsection 7, of less than \$32,000 for the calendar year
32 immediately preceding the calendar year in which the claim
33 is filed.

34 The municipal assessor shall forward each claim filed under this
35 subsection to the bureau within 15 days of receipt, which shall
36 determine if the property is eligible for deferral.

37 2. Property tax deferral. When the taxpayer elects to
38 defer property taxes for any year by filing a claim for deferral
39 under subsection 1, it shall have the effect of:

40 A. Deferring the payment of the property taxes levied on
41 the homestead for the municipal fiscal year beginning on or
42 after April 1st of that year;

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B. Continuing deferral of the payment by the taxpayer of any property taxes deferred under this chapter for previous years that have not become delinquent under section 6260; and

C. Continuing the deferral of the payment by the taxpayer of any future property taxes for as long as the provisions of section 6252 are met.

3. Guardian compliance. If a guardian or conservator has been appointed for an individual otherwise qualified to obtain deferral of taxes under this chapter, the guardian or conservator may act for that individual in complying with this chapter.

4. Trustee compliance. If a trustee of an inter vivos trust which was created by and is revocable by an individual, who is both the trustor and a beneficiary of the trust and who is otherwise qualified to obtain a deferral of taxes under this chapter, owns the fee simple estate under a recorded instrument of sale, the trustee may act for the individual in complying with this chapter.

5. Spouse not required to claim. Nothing in this section may be construed to require a spouse of an individual to file a claim jointly with the individual even though the spouse may be eligible to claim the deferral jointly with the individual.

6. Appeal. Any person aggrieved by the denial of a claim for deferral of homestead property taxes or disqualification from deferral of homestead property taxes may appeal in the manner provided in chapter 101, subchapter II-A.

§6252. Property entitled to deferral

In order to qualify for tax deferral under this chapter, the property must meet all of the following requirements when the claim is filed and thereafter as long as the payment of taxes by the taxpayer is deferred.

1. Claimant's homestead. The property must be the homestead of the individual or individuals who file the claim for deferral, except for an individual required to be absent from the homestead by reason of health.

2. Fee simple estate. The person claiming the deferral must, solely or together with the person's spouse, own the fee simple estate or be purchasing the fee simple estate under a recorded instrument of sale, or 2 or more persons must together own or be purchasing the fee simple estate with rights of survivorship under a recorded instrument of sale if all owners live in the homestead and if all owners apply for the deferral jointly.

1
3 3. No prohibitions. There must be no prohibition to the
5 deferral of property taxes contained in any provision of federal
7 law, rule or regulation applicable to a mortgage, trust deed,
9 land sale contract or conditional sale contract for which the
11 homestead is security.

13 §6253. Claim forms; contents

15 1. Administration. A taxpayer's claim for deferral under
17 this chapter shall be in writing on a form supplied by the bureau
19 and shall:

21 A. Describe the homestead:

23 B. Recite facts establishing the eligibility for the
25 deferral under the provisions of this chapter, including
27 facts that establish that the household income as defined in
29 section 6201, subsection 7, of the individual, or in the
31 case of 2 or more individuals claiming the deferral jointly,
33 was less than \$32,000 for the calendar year immediately
35 preceding the calendar year in which the claim is filed; and

37 C. Have attached any documentary proof required by the
39 bureau to show that the requirements of section 6252 have
41 been met:

43 2. Statement verification. There shall be annexed to the
45 claim a statement verified by a written declaration of the
47 applicant making the claim to the effect that the statements
49 contained in the claim are true.

51 §6254. State liens against tax-deferred property

53 1. Lien. The bureau shall have a lien against the
55 tax-deferred property for the payment of the deferred taxes plus
57 interest thereon and any fees paid to the county clerk by the
59 bureau in connection with the recording, release or satisfaction
61 of the lien. The liens for deferred taxes shall attach to the
63 property on April 1st of the year in which the taxes were
65 assessed. The deferred property tax liens shall have the same
67 priority as other real property tax liens except that the lien of
69 mortgages or trust deeds that are recorded prior to the
71 attachment of the lien for deferred taxes shall be prior to the
73 liens for deferred taxes.

75 2. Foreclosure. The lien may be foreclosed by the bureau.
77 Reasonable attorney's fees at trial and on appeal and costs may
79 be granted the bureau in a suit for foreclosure of its lien.

81 3. Foreclosure receipts. Receipts from foreclosure
83 proceedings shall be credited in the same manner as other

1 repayments of deferred property taxes under section 6266.

3 §6255. Listing of tax-deferred property; interest accrual

5 1. Tax-deferred property list. If eligibility for deferral
7 of homestead property is established as provided in this chapter,
9 the bureau shall notify the municipal assessor and the municipal
11 assessor shall show on the current ad valorem assessment and tax
13 roll which property is tax-deferred property by an entry clearly
15 designating that property as tax-deferred property.

17 2. Tax statement. When requested by the bureau, the
19 municipal tax collector shall send to the bureau as soon as the
21 taxes are extended upon the roll the tax statement for each
23 tax-deferred property.

25 3. Interest. Interest shall accrue on the actual amount of
27 taxes advanced to the municipality for the tax-deferred property
29 at the rate of 6% per annum.

31 §6256. Recording liens in county; recording constitutes notice
33 of state lien

35 1. Recording of liens. For each municipality in which
37 there is tax-deferred property, the bureau shall cause to be
39 recorded in the mortgage records of the county, a list of
41 tax-deferred properties of that municipality. The list shall
43 contain a description of the property as listed on the assessment
45 roll together with the name of the owner listed thereon. The
47 list shall be corrected each time an additional deferral occurs
49 or partial payments are received.

51 2. Notice of recording. The recording of the tax-deferred
53 properties under subsection 1 is notice that the bureau claims a
55 lien against those properties in the amount of the deferred taxes
57 plus interest together with any fees paid to the county clerk in
59 connection with the recording, release or satisfaction of the
61 lien, even though the amount of taxes, interest or fees is not
63 listed.

65 §6257. Municipal tax collector to receive amount equivalent to
67 deferred taxes from State

69 1. Amount of deferred taxes. Upon determining the amount
71 of deferred taxes on tax-deferred property for the tax year, the
73 bureau shall pay to the respective municipal tax collectors an
75 amount equivalent to the deferred taxes. Payment shall be made
77 from the revolving account established under section 6266.

79 2. Accounts maintained. The bureau shall maintain accounts
81 for each deferred property and shall accrue interest only on the
83 actual amount of taxes advanced to the municipality.

1
3 §6258. Notice to taxpayer regarding duty to claim deferral
annually

5 1. Annual deferral notice. On or before December 15th of
7 each year, the bureau shall send a notice to each taxpayer who
has claimed deferral of property taxes for the current tax year.
9 The notice shall:

11 A. Inform the taxpayer that the property taxes have been
deferred in the current year;

13 B. Show the total amount of deferred taxes remaining unpaid
15 since initial application for deferral and the interest
accruing therein to November 15th of the current year;

17 C. Inform the taxpayer that voluntary payment of the
19 deferred taxes may be made at any time to the bureau; and

21 D. Contain any other information that the bureau considers
23 necessary to facilitate administration of the homestead
25 deferral program including, but not limited to, the right of
the taxpayer to submit any amount of money to reduce the
total amount of the deferred taxes and interest.

27 2. Notice mailed. The bureau shall give the notice
29 required under subsection 1 by mail sent to the residence address
of the taxpayer as shown in the claim for deferral or as
31 otherwise determined by the bureau to be the correct address of
the taxpayer.

33 §6259. Events requiring payment of deferred tax and interest

35 Subject to section 6261, all deferred property taxes,
including accrued interest, become payable as provided in section
37 6260 when:

39 1. Death of claimant. The taxpayer who claimed deferment
of collection of property taxes on the homestead dies or, if
41 there was more than one claimant, the survivor of the taxpayers
who originally claimed deferment of collection of property taxes
43 under section 6251 dies;

45 2. Sale of property. The property with respect to which
47 deferment of collection of taxes is claimed is sold, a contract
to sell is entered into, or some person other than the taxpayer
who claimed the deferment becomes the owner of the property;

49 3. Claimant moves. The tax-deferred property is no longer
51 the homestead of the taxpayer who claimed the deferral, except in
the case of a taxpayer required to be absent from that
tax-deferred property by reason of health; or

1
2 4. Removal of home. The tax-deferred property, a mobile or
3 floating home, is moved out of the State.

4 §6260. Time for payments; delinquencies

6 Whenever any of the circumstances listed in section 6259
7 occurs:

8 1. Continuation of assessment year. The deferral of taxes
9 for the assessment year in which the circumstance occurs shall
10 continue for that assessment year;

11 2. Deferred property taxes due. The amounts of deferred
12 property taxes, including accrued interest, for all years shall
13 be due and payable to the bureau April 15th of the year following
14 the calendar year in which the circumstance occurs, except as
15 provided in subsection 3 and section 6261;

16 3. Out-of-state move. Notwithstanding the provisions of
17 subsection 2 and section 6263, when the circumstance listed in
18 section 6259, subsection 4, occurs, the amount of deferred taxes
19 shall be due and payable 5 days before the date of removal of the
20 property from the State; and

21 4. Delinquency. If the amounts falling due as provided in
22 this section are not paid on the indicated due date or as
23 extended under section 6263, those amounts shall be deemed
24 delinquent as of that date and the property shall be subject to
25 foreclosure as provided in section 6254.

26 §6261. Election by spouse to continue tax deferral

27 1. Continuation by spouse. When one of the circumstances
28 listed in section 6259, subsections 1 to 3 occurs, the spouse who
29 did not or was not eligible to file a claim jointly with the
30 taxpayer may continue the property in its deferred tax status by
31 filing a claim within the time and in the manner provided under
32 section 6251 if:

33 A. The spouse of the taxpayer is or will be 60 years of age
34 or older not later than 6 months from the day the
35 circumstance listed in section 6259, subsections 1 to 3
36 occurs; and

37 B. The property is the homestead of the spouse of the
38 taxpayer and meets the requirements of section 6252,
39 subsection 2.

40 2. Continuation of deferral by spouse. A spouse who does
41 not meet the age requirements of subsection 1, paragraph A, but
42 is otherwise qualified to continue the property in its
43 status as deferred tax property shall be deemed to have elected to
44 continue the property in its status as deferred tax property.

1 tax-deferred status under subsection 1 may continue the deferral
2 of property taxes deferred for previous years by filing a claim
3 within the time and in the manner provided under section 6251.
4 If a spouse eligible for and continuing the deferral of taxes
5 previously deferred under this subsection becomes 62 years of age
6 prior to April 1st of any year, the spouse may elect to continue
7 the deferral of previous years' taxes deferred under this
8 subsection and may elect to defer the current assessment year's
9 taxes on the homestead by filing a claim within the time and in
10 the manner provided under section 6251. Thereafter, payment of
11 the taxes levied on the homestead and deferred under this
12 subsection and payment of taxes levied on the homestead in the
13 current assessment year and in future years may be deferred in
14 the manner provided in and subject to this chapter.

15
16 3. Filing extension. Notwithstanding that section 6251
17 requires that a claim be filed no later than April 1st, if the
18 bureau determines that good and sufficient cause exists for the
19 failure of a spouse to file a claim under this section on or
20 before April 1st, the claim may be filed within 90 days after
21 notice of taxes due and payable under section 6260 is mailed or
22 delivered by the department to the taxpayer or spouse.

23 §6262. Voluntary payment of deferred tax and interest

24
25
26 1. Payments. All payments of deferred taxes shall be made
27 to the bureau.

28
29 2. Taxes and interest. Subject to subsection 3, all or
30 part of the deferred taxes and accrued interest may at any time
31 be paid to the bureau by:

32
33 A. The taxpayer or the spouse of the taxpayer; or

34
35 B. The next of kin of the taxpayer, heir at law of the
36 taxpayer, child of the taxpayer or any person having or
37 claiming a legal or equitable interest in the property.

38
39 3. Notice of payment. A person listed in subsection 2,
40 paragraph B, may make the payments only if no objection is made
41 by the taxpayer within 30 days after the bureau deposits in the
42 mail notice to the taxpayer of the fact that the payment has been
43 tendered.

44
45 4. Payment application. Any payment made under this
46 section shall be applied first against accrued interest and any
47 remainder against the deferred taxes. This payment does not
48 affect the deferred-tax status of the property. Unless otherwise
49 provided by law, this payment does not give the person paying the
50 taxes any interest in the property or any claim against the
51 estate, in the absence of a valid agreement to the contrary.

1
2 5. Lien discharge. When the deferred taxes and accrued
3 interest are paid in full and the property is no longer subject
4 to deferral, the bureau shall prepare and record in the county in
5 which the property is located a lien discharge.

7 §6263. Extension of time for payment upon death of claimant or
8 spouse

9
10 1. Payment extension. If the taxpayer who claimed
11 homestead property tax deferral dies, or if a spouse who
12 continued the deferral under section 6261 dies, the bureau may
13 extend the time for payment of the deferred taxes and interest
14 accruing with respect to the taxes becoming due and payable under
15 section 6260, subsection 2, if:

16 A. The homestead property becomes property of an individual
17 or individuals:

18 (1) By inheritance or devise; or

19 (2) If the individual or individuals are heirs or
20 devises in the course of settlement of the estate;

21 B. An individual or individuals commence occupancy of the
22 property as a principal residence on or before August 15th
23 of the calendar year following the calendar year of death; or

24 C. An individual or individuals make application to the
25 bureau for an extension of time for payment of the deferred
26 taxes and interest prior to August 15th of the calendar year
27 following the calendar year of death.

28 2. Extension terms. Subject to paragraph B, an extension
29 granted under this section shall be for a period not to exceed 5
30 years after August 15th of the calendar year following the
31 calendar year of death. The terms and conditions under which the
32 extension is granted shall be in accordance with a written
33 agreement entered into by the bureau and the individual or
34 individuals.

35 An extension granted under this section shall terminate
36 immediately if:

37 A. The homestead property is sold or otherwise transferred
38 by any party to the extension agreement;

39 B. All of the heirs or devisees who are parties to the
40 extension agreement cease to occupy the property as a
41 principal residence; or

42 C. The homestead property, a mobile or floating home, is

1 moved out of the State.

3 3. Accrued interest. During the period of extension, and
5 until paid, the deferred taxes shall continue to accrue interest
7 in the same manner and at the same rate as provided under section
 6255, subsection 3. No interest may accrue upon interest.

9 §6264. Limitations

11 Nothing in this chapter is intended to or may be construed
 to:

13 1. Foreclosure. Prevent the collection, by foreclosure, of
15 property taxes which become a lien against tax-deferred property;

17 2. Benefited property. Defer payment of special
19 assessments to benefited property which do not appear on the
 assessment and tax roll; or

21 3. Land provisions. Affect any provision of any mortgage,
23 or other instrument relating to land, requiring a person to pay
 property taxes.

25 §6265. Deed or contract clauses preventing application for
 deferral prohibited; clauses void

27 After the effective date of this chapter, it shall be
29 unlawful for any mortgage trust deed or land sale contract to
31 contain a clause or statement that prohibits the owner from
33 applying for the benefits of the deferral of homestead property
 taxes provided in this chapter. Any such clause or statement in
 a mortgage trust deed or land sale contract executed after the
 effective date of this chapter shall be void.

35 §6266. Senior Property Tax Deferral Revolving Account; sources;
 uses

37 1. Revolving account. This section establishes in the
39 State Treasury the Senior Property Tax Deferral Revolving Account
41 to be used by the bureau for the purpose of making the payments
43 to municipal tax collectors of property taxes deferred for tax
 years beginning on or after April 1, 1990, as required by section
 6257.

45 2. Advancement of funds. The funds necessary to make
47 payments under subsection 1 shall be advanced to the bureau from
49 time to time as necessary by the Treasurer of State as an
 appropriation from the General Fund.

51 3. Payments credited. All sums of money received by the
 bureau under this chapter as repayments of deferred property
 taxes including the interest accrued under section 6255,

1 subsection 3, shall, upon receipt, be credited to the revolving
 2 account and shall be available for the purposes of subsection 1.

3
 4 4. Appropriation request. If there is not sufficient money
 5 in the revolving account to make the payments required by
 6 subsection 1, the State Tax Assessor shall request an
 7 appropriation from the General Fund which together with the money
 8 in the revolving account will provide an amount sufficient to
 9 make the required payments.

11 5. General Fund reimbursement. When the bureau determines
 12 that funds in sufficient amounts are available in the revolving
 13 account, the bureau shall repay to the General Fund the amounts
 14 advanced as appropriations under subsection 2, plus accrued
 15 interest.

17 **Sec. 2. Review.** The State Tax Assessor shall review the
 18 administrative, legal and technical requirements of this Part to
 19 ensure compliance with existing administrative procedures. This
 20 review may include discussions with other states that currently
 21 operate tax deferral programs and shall be completed prior to
 22 January 1, 1990. The State Tax Assessor shall submit the results
 23 of this review, together with any necessary implementing or
 24 correcting legislation, to the Joint Standing Committee on
 25 Taxation in the Second Regular Session of the 114th Legislature.

27 **Sec. 3. Appropriation.** The following funds are appropriated
 28 from the General Fund to carry out the purposes of this Part.

	1989-90	1990-91
FINANCE, DEPARTMENT OF		
Bureau of Taxation -		
Elderly Tax Deferral		
Positions - Legislative Count	(2)	(2)
Personal Services	\$32,580	\$68,418
All Other	12,500	375,000
Capital Expenditures	10,000	
DEPARTMENT OF FINANCE		
TOTAL	<u>\$55,080</u>	<u>\$443,418</u>
TOTAL APPROPRIATIONS - PART C	<u>\$55,080</u>	<u>\$443,418</u>

47 **PART D**

49 **Sec. 1. Commission established; membership.** The Commission to
 50 Study Problems with the Municipal Assessment, Valuation and
 51 Collection of Property Taxes is established. The commission

1 shall consist of 9 members, appointed in the following manner: 3
2 members of the House of Representatives appointed by the Speaker
3 of the House of Representatives; 2 Senators appointed by the
4 President of the Senate; the Director of the Property Tax
5 Division, Bureau of Taxation, Department of Finance; one school
6 official; and 2 municipal officials appointed jointly by the
7 Speaker of the House of Representatives and the President of the
8 Senate. The Speaker of the House of Representatives and the
9 President of the Senate shall promptly notify the Legislative
10 Council of the appointments.

11
12 **Sec. 2. Commission charged.** The commission shall study
13 taxpayers' general dissatisfaction with property taxes to find
14 the reasons for property taxpayers' frustrations and the causes
15 of local anti-property tax pressures. Specifically, the
16 commission shall:

17
18 1. Examine the problems, if any, preventing municipalities
19 from adopting the State of Maine Assessment Manual. The
20 commission shall investigate ways to encourage municipalities
21 that do not presently use the manual to adopt the manual for
22 their assessment of property;

23
24 2. Examine the method municipalities use to collect property
25 taxes and explore whether alternative methods, such as quarterly
26 or more frequent payment schedules, would be more acceptable to
27 taxpayers;

28
29 3. Study whether the state payment to low-income and elderly
30 taxpayers under the tax circuit breaker programs could be
31 credited to the property taxes owed rather than made as direct
32 payments to the taxpayer. The commission should assess whether
33 this would make a clearer connection between the circuit breaker
34 and the property tax and give town officials some recognition
35 that property taxes have been reduced; and

36
37 4. Study whether the inequities in the assessments of
38 residential properties within a municipality and between
39 residential and other types of property within a municipality can
40 be reduced. For assessments to be equitable, each property
41 should be assessed at the same percent of full value.

42
43 **Sec. 3. Convening of commission.** When the appointment of all
44 commission members is completed, the Chair of the Legislative
45 Council shall call the first meeting. The first meeting shall be
46 called on or before August 1, 1989. At the first meeting, the
47 members shall elect a chair and other officers.

48
49 **Sec. 4. Report.** The commission shall present its findings,
50 together with any recommended legislation to the Second Regular
51 Session of the 114th Legislature.

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Sec. 5. Staff; compensation. The commission may request necessary staff assistance from the Legislative Council. The members of the commission who are Legislators shall receive the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, for days in attendance at commission meetings and subcommittee meetings. All members of the commission shall receive reimbursement for expenses upon application to the Executive Director of the Legislative Council.

Sec. 6. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1989-90

LEGISLATURE

Study Commissions - Funding

Personal Services	\$1,650
All Other	5,500

Provides funding for the Commission to Study Problems with Municipal Assessment, Valuation and Collection of Property Taxes.

**LEGISLATURE
TOTAL**

\$7,150

TOTAL APPROPRIATIONS - PART D

\$7,150

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect on July 1, 1989, except as otherwise indicated.

FISCAL NOTE

If enacted this bill would have the following effect on the General Fund.

Part A would require an appropriation of \$4,000,000 in fiscal year 1989-90 and \$432,944 in fiscal year 1990-91.

Part B would require an appropriation of \$55,080 in fiscal year 1989-90 and \$36,593,418 in fiscal year 1990-91.

Part C would require an appropriation of \$55,080 in fiscal year 1989-90 and \$443,418 in fiscal year 1990-91.

1 Part D would require an appropriation of \$7,150 in fiscal
year 1989-90.

3

5 The total effect of increased appropriations and the loss of
revenue to the General Fund of this bill is as follows:

7	FY 1989-90	FY 1990-91	Biennium
9	\$4,110,160	\$37,469,780	\$41,579,940'

11

STATEMENT OF FACT

13

15 Part A of this amendment replaces the Household Tax and Rent
Refund Act with the Family Homesaver Program Act of 1989.
17 Although many sections of the Household Tax and Rent Refund Act
would remain unchanged, this amendment modifies the eligibility
requirements, definitions and the benefit calculations provided by
19 the Act.

21

Part B of the amendment creates a homestead exemption program.

23

25 Part C of the amendment alleviates property tax burdens on
persons, age 65 years and older, by establishing provisions for a
property tax deferral program.

27

29 Part D of the amendment establishes the Commission to Study
Problems with the Municipal Assessment, Valuation and Collection
of Property Taxes. The general purpose is to study taxpayers'
dissatisfaction with property taxes to find the reasons for
31 property taxpayers' frustrations and the causes of local
antiproperty tax pressures.

33

Filed by Rep. Seavey of Kennebunkport
Reproduced and distributed and distributed under the direction of the Clerk of
the House
6/9/89 (Filing No. H-460)

43